

SENATE BILL 545

By Miller J

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 22, relative to county mutual fire insurance companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-22-106, is amended by deleting subsection (c) in its entirety and substituting instead the following language:

(c) When the insurance in force exceeds eight million five hundred thousand dollars (\$8,500,000), the maximum permissible risk shall increase in the amount of two thousand five hundred dollars (\$2,500) for each one hundred thousand dollars (\$100,000) or portion thereof in policyholders surplus.

SECTION 2. Tennessee Code Annotated, Section 56-22-106, is further amended by deleting subsection (d) in its entirety.

SECTION 3. Tennessee Code Annotated, Section 56-22-101, is amended by adding the following language as a new subsection (c):

(c) When a county mutual fire insurance company has a policyholder surplus of one million dollars (\$1,000,000) or more it may provide the following coverages: falling objects; sudden and accidental tearing apart; burning or bulging of a heating or air conditioning system or water heater; weight of ice, sleet or snow; collapse of a building or any part thereof;

accidental discharge of liquids or steam from a plumbing, heating or air conditioning system; glass breakage; freezing of a plumbing, heating or air conditioning system; and sudden and accidental damage to property from artificially generated electrical currents.

SECTION 4. Tennessee Code Annotated, Section 56-22-115, is amended by deleting such section in its entirety and substituting instead the following language:

§ 56-22-115.

Every such corporation may then be authorized to issue policies of insurance for coverages authorized by § 56-22-101, which policies shall be signed by the corporation's president and secretary and agree in the name of the corporation to pay all losses or damages to property insured during the life of the policy. There shall be a clause plainly printed in each policy that the holder thereof or the insured is liable for such assessments as may be necessary to pay in full all losses and expenses incurred by the corporation.

SECTION 5. Tennessee Code Annotated, Section 56-22-134(a), is amended by deleting from the first sentence thereof the language "two hundred fifty dollars (\$250)" and substituting instead the language "five hundred dollars (\$500)".

SECTION 6. This act shall take effect July 1, 2003, the public welfare requiring it.